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~~Confidential~~

# **g|p ANNUAL REPORT**

GENERAL PRODUCTS MFG. CORPORATION LIMITED

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## **1967**

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# GENERAL PRODUCTS MFG. CORPORATION LIMITED

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 1967

### ASSETS

Cash .....		\$ 197,355
Prepaid expenses and accrued income .....		4,019
Portfolio Investments		
Shares of companies having a quoted market value, at cost (Market \$7,625) .....	\$ 13,765	
Shares of companies not having a quoted market value, at cost (Note 1) ...	239,200	
Term deposit .....	1,800,000	2,052,965
Other Investments		
Mortgages .....	84,774	
Special refundable tax .....	16,176	
Shares of affiliated company, at cost .....	541,366	642,316
Fixed Assets, at cost		
Land .....	10,048	
Buildings .....	445,474	
Equipment .....	42,709	
	498,231	
Accumulated depreciation .....	295,862	202,369
		<u>\$3,099,024</u>

### LIABILITIES

Accounts, payable and accrued .....		50,568
Income and other taxes .....		32,157
Shareholders' Equity		
Capital issued and outstanding (note 3)		
"A" Common stock — 75,000 shares .....	\$ 18,750	
"B" Common stock — 25,000 shares .....	6,250	
3 1/2% non-cumulative redeemable second preference stock—446,556 shares .....	111,639	
	136,639	
Consolidated retained earnings .....	2,879,660	3,016,299
		<u>\$3,099,024</u>

Signed on behalf of the Board

JOHN D. JUDGE, *Director*

J. R. SWANN, *Director*

### AUDITORS' REPORT

To the Shareholders

General Products Mfg. Corporation Limited

We have examined the accompanying consolidated financial statements of General Products Mfg. Corporation Limited and its subsidiary companies for the year ended December 31, 1967 comprising the consolidated statement of financial position as at that date and the consolidated statements of earnings, retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1967 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

January 10, 1968

RIDDELL, STEAD, GRAHAM & HUTCHISON



# GENERAL PRODUCTS MFG. CORPORATION LIMITED

## *Directors' Report*

### TO THE SHAREHOLDERS:

The year 1967 was one which brought notable changes to General Products in that on November 23rd, shareholders at a special general meeting voted unanimously to dispose of the major income producing assets of the company to Tube Investments Limited of England.

At that time complete information concerning this transaction, which encompassed the sale of shares of Richards-Wilcox of Canada Limited and Standard Tube and T.I. Limited, was mailed to you.

Following your approval of the sale of these assets, two dividends were paid. The cash dividend which was paid on December 7th virtually exhausted the earnings which the Company had built up from operations over a period of many years. Additionally, there was paid on December 22nd a stock dividend which represented a substantial portion of the capital surplus which resulted from the sale of the two companies.

With this Annual Report are included the financial statements of your Company as of December 31, 1967. These statements, of course, give full effect to the circumstances referred to above. Since the statements set out clearly the position of your Company as of December 31, 1967, and now bear little or no relationship to the accounts of a year ago, comparative figures have been omitted in this year's report.

As a continuing activity, General Products has agreed to manage the businesses of Richards-Wilcox and Standard Tube on behalf of Tube Investments Limited for a further period. Reimbursement for

this service will provide income to your Company during this period in addition to such revenue as may be derived from the investment of capital funds.

It will be noted that earnings for 1967 were \$199,442. Of this amount the dividends received from the Standard Tube shares which were sold to Tube Investments were \$126,925. Shareholders will appreciate, of course, that due to the sale of the shares of this company, dividends from such holdings will not be received in the future. Net earnings must, therefore, by reason of the substantial portion of the Company's assets recently disbursed as dividends, be of a minor nature as compared to past years. In all the circumstances, shareholders should not anticipate the declaration of dividends in the near term.

In conclusion, Tube Investments with its strong financial resources is in a position to advance the interests of Richards-Wilcox and Standard Tube in Canada henceforth, thus affording even greater opportunities for the personnel of those companies in a manner that would seemingly not have been possible with the more limited resources of your Company.

Your Directors gratefully acknowledge the contributions of our customers and our employees to the successes of the past, and we look forward to our continued associations in the future.

### ON BEHALF OF THE BOARD OF DIRECTORS

J. G. THOMPSON,  
*Chairman of the Board*

JOHN D. JUDGE,  
*President*

February, 1968

# GENERAL PRODUCTS MFG. CORPORATION LIMITED

## CONSOLIDATED STATEMENT OF EARNINGS

YEAR ENDED DECEMBER 31, 1967

### Income

Interest earned .....		\$ 164,301
Dividends received		
from subsidiary companies .....	\$126,925	
from affiliated company .....	20,000	
others .....	<u>7,516</u>	154,441
Management fees and sundry income .....		177,984
Rental from properties .....		<u>52,479</u>
		\$ 549,205

### Expenses

Property expenses (including \$18,437 depreciation) .....	\$ 54,637	
Remuneration of directors and senior officers .....	130,575	
General office and administrative expenses (including \$4,185 depreciation) ..	<u>84,600</u>	269,812
Earnings before taxes .....		279,393
Provision for income taxes .....		<u>79,951</u>
Net earnings for the year .....		<u>\$ 199,442</u>

## CONSOLIDATED STATEMENT OF RETAINED EARNINGS

YEAR ENDED DECEMBER 31, 1967

Balance at December 31, 1966 .....	\$ 7,880,706
Surplus arising from sale of investments in subsidiary companies .....	3,819,512
Provisions for doubtful accounts and loss on inventories no longer required .....	105,000
Net earnings for the year .....	<u>199,442</u>
	\$12,004,660

### Dividends paid

	COMMON STOCK		
	Class A	Class B	
Cash dividends January and July .....	\$ 93,750	\$ 31,250	125,000
Special cash dividend December 7 .....	2,925,000	975,000	3,900,000
Special stock dividend December 22 (Note 4) .....	<u>3,825,000</u>	<u>1,275,000</u>	<u>5,100,000</u>
Balance at December 31, 1967 .....			<u>\$ 2,879,660</u>



# GENERAL PRODUCTS MFG. CORPORATION LIMITED

## CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

YEAR ENDED DECEMBER 31, 1967

### SOURCE OF FUNDS

Net earnings for the year .....	\$ 199,442
Depreciation charged .....	22,622
Sale of investment in subsidiary companies( less expenses of sale) .....	10,720,039
Provisions for doubtful accounts and loss on inventories no longer required .....	105,000
Reduction in mortgages and special refundable tax .....	14,627
Sundry .....	1,281
	<u>\$11,063,011</u>

### APPLICATION OF FUNDS

Cash dividends paid .....	\$ 4,025,000
Redemption of first preference shares issued as stock dividend.....	4,988,361
Purchase of term deposits .....	1,800,000
Increase in working capital (excluding that applicable to subsidiaries sold) .....	249,650
	<u>\$11,063,011</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 1967

Note 1 Effective November 24, 1967, the company sold to Tube Investments Limited for the aggregate cash price of \$10,760,800 its investments in its subsidiary companies Standard Tube and T.I. Limited and Richards-Wilcox of Canada Limited with the exception of 2,392 Second Preference Shares of Standard Tube and T.I. Limited having an aggregate par value of \$239,200 retained as an investment.

Note 2 As a result of the sale of its manufacturing subsidiaries referred to in Note 1, and the distribution to the shareholders of a major portion of the sale proceeds, the nature and size of the company has changed significantly. The Directors are of the opinion it would be inappropriate to include in these financial statements comparative figures of the previous year, and accordingly they have been omitted.

Note 3 Authorized Capital: By Supplementary Letters Patent dated November 24, 1967, the authorized capital of the company was changed as follows:

- 1,300,000 3% non-cumulative redeemable second preference shares were redesignated as 3% non-cumulative redeemable convertible first preference shares with a par value of 25 cents each.
- 4,356 5% cumulative redeemable preference shares with a par value of \$100 each were subdivided into 1,742,400 3% non-cumulative redeemable convertible first preference shares with a par value of 25 cents each ranking on a parity with the 1,300,000 3% non-cumulative redeemable convertible first preference shares.
- the authorized capital of the company was increased by the creation of an additional 18,956,600 3% non-cumulative redeemable convertible first preference shares with a par value of 25 cents each ranking on a parity with the aforesaid 3,042,400 3% non-cumulative redeemable convertible first preference shares.
- each 3% non-cumulative redeemable convertible first preference share is convertible at the option of the holder into one fully paid and non-assessable 3% non-cumulative redeemable second preference share with a par value of 25 cents each.
- the authorized capital of the company was further increased by the creation of 1,000 3% non-cumulative redeemable second preference shares with a par value of 25 cents each.

Accordingly, the authorized capital at December 31, 1967 was:

3% Non-cumulative convertible first preference shares redeemable at the par value of 25 cents each:

Authorized .....	21,999,000 shares
Less Issued as stock dividend and redeemed.....	19,953,444 shares
Issued as stock dividend and converted into second preference shares .....	446,556 shares
Authorized and unissued .....	<u>1,599,000 shares</u>

3% Non-cumulative second preference shares redeemable at the par value of 25 cents each 447,556 shares

"A" Common stock — 125,000 shares of no par value

"B" Common stock — 25,000 shares of no par value

Note 4 A special stock dividend of 20,400,000 3% non-cumulative redeemable convertible first preference shares having a par value of 25 cents each was paid on December 22, 1967 on the Class "A" and Class "B" common shares at the rate of 204 first preference shares for each such Class "A" or Class "B" common share. 446,556 of these shares were converted into 3% non-cumulative redeemable second preference shares and the remaining 19,953,444 shares were redeemed for cash December 28, 1967.

# GENERAL PRODUCTS MFG. CORPORATION LIMITED

HEAD OFFICE: 660 RICHMOND STREET, LONDON, CANADA

## *Directors*

S. C. BACON  
F. W. P. JONES  
JOHN D. JUDGE  
D. D. C. McGEACHY  
R. W. ROBERTSON  
V. T. ROSS  
J. H. STEVENS  
J. R. SWANN  
J. A. TAYLOR  
A. S. THOMPSON  
JAMES G. THOMPSON  
J. G. THOMPSON  
D. G. WALLACE

## *Officers*

*Chairman of the Board*  
J. G. THOMPSON

*Vice-Chairman*  
A. S. THOMPSON

*President*  
JOHN D. JUDGE

*Vice-President*  
JAMES G. THOMPSON

*Vice-President and Secretary*  
D. G. WALLACE

*Treasurer*  
J. R. SWANN

